



Governance Report 2023

Helping our members from day one, to one day

From the day you start working, to the day you retire, we'll be there



How we report

Our purpose is to be a force for good in super and retirement, shaping the best outcomes for our members, their families and communities and our industry.

Our 2022/23 Annual Report is only one of the many ways in which we live up to this purpose by communicating to our members and other stakeholders on our performance during the year, key outcomes achieved and our outlook for the future.

Our annual reporting documents include:



Annual Report 2023

aware.com.au/annualreport2023



Investment Performance Report 2023

aware.com.au/investmentperformancereport2023



Governance Report 2023

aware.com.au/governancereport2023



Responsible Investment Report 2023

aware.com.au/responsibleinvestmentreport2023



Want to go paperless?

You can opt in for a digital copy of the annual report by calling us on 1300 650 873 or emailing us:

enquiries@aware.com.au

Important information and disclaimer:

Prepared and issued by Aware Super Pty Ltd ABN 11 118 202 672, AFSL 293340, the trustee of Aware Super ABN 53 226 460 365. Unique Superannuation Identifier (USI) 53 226 460 365 001, MySuper Authorisation Number 53 226 460 365 073. When members receive advice, they receive it under our financial planning business, Aware Financial Services Australia Limited ABN 86 003 742 756 AFSL No. 238430. Aware Financial Services Australia Limited (ABN 86 003 742 756, AFSL 238430) is wholly owned by Aware Super.

For more information or to request a printed copy free of charge, call 1300 650 873.

Issued November 2023.

Inside this report

2

Governance

Decision-making	2
Board composition	3
Board diversity and tenure	4
Board nominations and appointments	4
Board committees	5
Professional indemnity insurance	6
Reviewing board and executive performance	6
Board skills matrix	7
Board remuneration	9

10

Stakeholder engagement

13

Managing risk, pursuing opportunities

Strategic risks	13
Operational risks	16
Opportunities	18

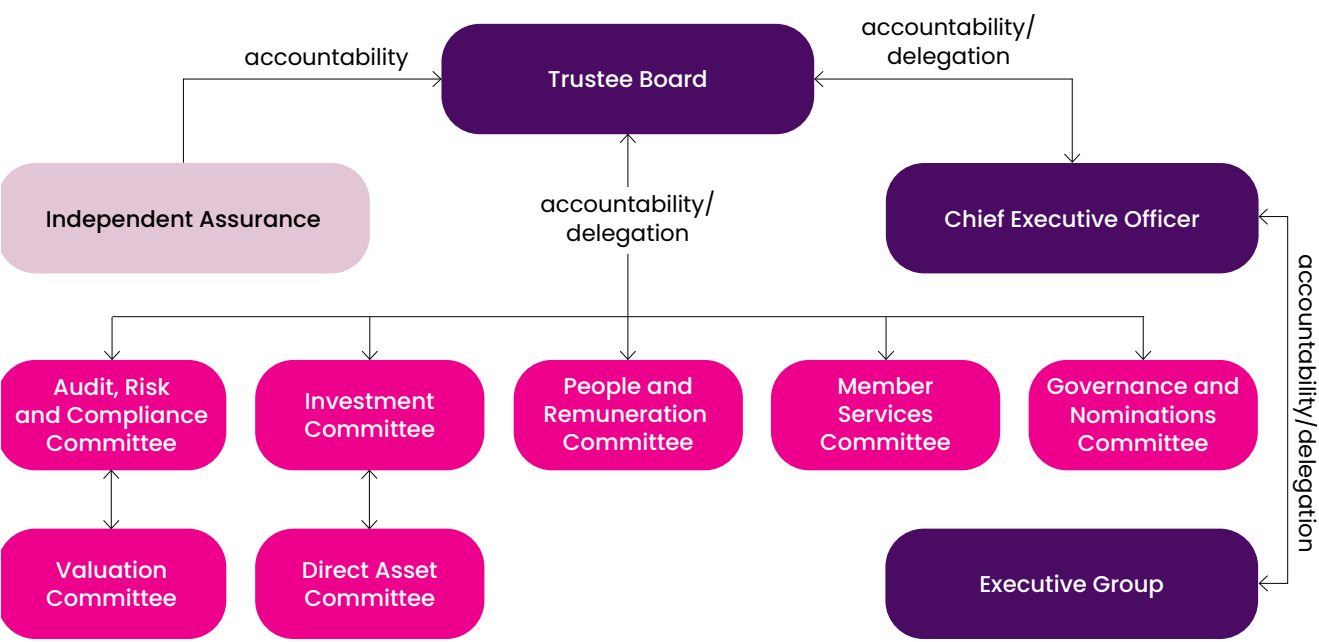
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Recognition and awards



Governance

A strong risk culture and supporting capabilities are essential for delivering on our strategic objectives. We are a profit-for-members organisation – everything we do is for our members. Our Governance Framework guides and oversees how we drive the best outcome for members.



We have a robust Governance Framework in place with effective policies and procedures to guide our business practices. This framework ensures we provide our members with confidence in our ability to manage their savings and deliver their best retirement outcomes.

Decision-making

The Aware Super Board is accountable as the governing body of our fund. It has oversight of our long-term strategic direction and financial objectives, monitors our compliance

with all regulatory requirements and helps ensure we operate with integrity. While the board can delegate certain responsibilities to various board committees, management and service providers, it has ultimate responsibility for the sound and prudent governance of our fund's business operations.

When making decisions, exercising and delegating its powers and responsibilities, the board acts in accordance with the trustee's constitution, Board Charter, Director Code of Conduct and Ethics and fund policies.



Aware Super Board of Directors

Board composition

During the reporting period, our board consisted of 11 directors who were appointed using an equal representation model:

- five directors who were appointed by member appointing entities
- five employer directors who were appointed by employers
- one independent director, who is also Chair of the board.

For biographies and information about our directors, see:

[aware.com.au/board](https://www.aware.com.au/board)

Effective 1 July 2023 the board composition is as follows:

Fund Employer Entities

- a) The Secretary of the New South Wales Treasury jointly with the Secretary of the Department of Premier and Cabinet in respect of the appointment of three Employer Representative Directors

- b) Victorian Healthcare Association in respect of the appointment of one Employer Representative Director
- c) Victorian Public Sector Commission jointly with the Department of Education and Training Victoria in respect of one Employer Representative Director.

Fund Member Entities

- a) Unions NSW in respect of the appointment of three Member Representative Directors
- b) Australian Nursing and Midwifery Federation (Victorian Branch) in respect of the appointment of one Member Representative Director
- c) Australian Education Union Victoria in respect of the appointment of one Member Representative Director.

We also have one independent director appointed by the Aware Super Board.

The information below reflects the board as at 30 June 2023. Board members who resigned from the board during the 2022/23 financial year are also indicated below.

Sam Mostyn AO (appointed March 2023)	Independent director and Chair of the board
Jocelyn Furlan	Director, employer representative, appointed jointly by Secretary of Premier and Cabinet and Secretary of Treasury
Pip Carew	Director, member representative, appointed by the Australian Nursing and Midwifery Federation (Victorian Branch)
Leigh Clarke (appointed February 2023)	Director, employer representative, appointed by the Victorian Healthcare Association
John Dixon	Director, member representative, appointed by Unions NSW
Patricia Faulkner AO	Director, employer representative, jointly appointed by the Department of Education and Training Victoria and the Victorian Public Sector Commission
Stewart Little (appointed November 2022)	Director, member representative, appointed by Unions NSW
Antoinette Masiero	Director, member representative, appointed by the Australian Education Union, Victorian Branch
Philip Moffit	Director, employer representative, appointed jointly by Secretary of Premier and Cabinet and Secretary of Treasury

Governance

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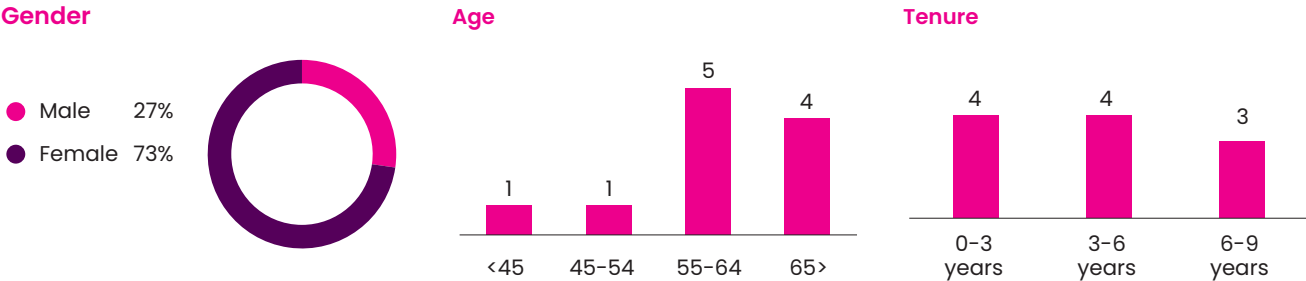
Angela Nigro	Director, member representative, appointed by Unions NSW
Roslyn Ramwell	Director, employer representative, appointed jointly by Secretary of Premier and Cabinet and Secretary of Treasury

The following members left the board prior to 30 June 2023:

Neil Cochrane	Independent director and Chair of the board, appointed by other directors	Retired from the board effective 1 March 2023
Tom Symondson	Director, employer representative, appointed by the Victorian Healthcare Association	Resigned from the board effective 31 January 2023
Mark Morey	Director, member representative, appointed by Unions NSW	Resigned from the board effective 24 October 2022

Board diversity and tenure

We're committed to seeking greater board diversity to support effective decision-making and governance. The board had three key diversity targets during the 2022/23 financial year. For gender, the target was to maintain gender balance. The board also set the target of having representation on the board across all tenure and age diversity groups. Achievements against these targets for the reporting period are outlined below.



Board nominations and appointments

The processes relating to the nomination, appointment and removal of directors (including tenure terms) are set out in the trustee's constitution and our Board Renewal and Fit and Proper Policies. Board directors are appointed by nominating entities who represent our members and employers. Each director must meet the requirements of our Fit and Proper Policy, which outlines the skills and attributes the appointed directors must have. We use an external recruitment agency when recruiting independent directors.

For more information about the remuneration of our board and executive team, see:

[aware.com.au/policies](#)

Board committees

The table below presents each committee, its members and the topics that were a key focus for each committee in the 2022/23 financial year. For details on the meeting attendance, see:

[aware.com.au/policies](#)

Committee	Members as at 30 June 2023	Key focus areas
People and Remuneration Committee	Pip Carew (Chair) Leigh Clarke John Dixon Antoinette Masiero	<ul style="list-style-type: none">Implementation of CPS511Development of and move to 555 Collins StreetNew Enterprise Agreement (EA) and termination of VicSuper EAEstablishment of UK entity and employment arrangementsAspirational culture program of work
Governance and Nominations Committee	Sam Mostyn AO (Chair) Leigh Clarke Patricia Faulkner AO Stewart Little	<ul style="list-style-type: none">Search for the new ChairOverseeing the new strategy for the fund's direct asset oversight and enhancement areaEstablishment of a Consultation Forum to deepen engagement with past, present and future appointing entities and other relevant stakeholders on issues affecting the membership of Aware Super and the superannuation industry more broadly
Member Services Committee	Jocelyn Furlan (Chair) Pip Carew Stewart Little Kirsty Membreno (non-director) Angela Nigro	<ul style="list-style-type: none">Ongoing monitoring of the transformation programVarious Insurance renewals and tendersAdvertising, sponsorship and partnerships activity (approval of framework) and new brand campaignOngoing approval of disclosure documentation such as the product disclosure statement (PDS) and annual report
Audit, Risk and Compliance Committee	Roslyn Ramwell (Chair) Jocelyn Furlan Antoinette Masiero Angela Nigro	<ul style="list-style-type: none">Financial, taxation and actuarial processes and practices for the Aware GroupOversight of material risks, ensuring that appropriate internal operating controls and other risk management systems are in place and operating effectivelyOversight of the three lines of accountability assurance arrangementsOversight of the Risk key performance indicator to assess each Group executive across common risk factorsOversight of internal and external audit functionsOversight of valuation processes: Aware Super has a dedicated valuation committee (VC) comprising of non-investment executives and senior leaders along with internal and external audit oversight. The VC is a sub-committee of and reports to the Audit, Risk and Compliance Committee

Governance

(continued)

Committee	Members as at 30 June 2023	Key focus areas
Investment Committee	Phillip Moffitt (Chair) David Dixon (non-director) John Dixon Patricia Faulkner AO Sam Mostyn AO Roslyn Ramwell	<ul style="list-style-type: none">• Considerations across the Domestic and Global Equities strategies given underperformance in the 2021/22 financial year. This has seen more positive outcomes during the 2022/23 financial year• Continued origination of assets across the portfolio and the establishment of an offshore office to support the continued access of new investments• Ownership of direct assets across core issues, such as climate transition, safety and cyber security to ensure the strong execution of investment cases• Updated planning for the climate transition across the investment portfolio• Key themes that are expected to continue to impact investment markets, such as geopolitics, technologies, such as artificial intelligence and digital infrastructure• Oversight and assistance with the due diligence of significant direct assets: Aware Super has a dedicated Direct Asset Committee (DAC) that comprises five non-trustee specialist members and four trustee members drawn from the Investment Committee. The DAC is a sub-committee of and reports to the Investment Committee

Professional indemnity insurance

As required by law, the trustee acts in our members’ best interests (particularly our members’ best financial interests) and ensures our fund, trustee directors and officers of the trustee are covered by professional indemnity insurance.

Aware Super appoints State Street as an independent third-party custodian to hold and safeguard all fund assets on behalf of its members.

Reviewing board and executive performance

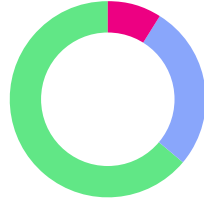
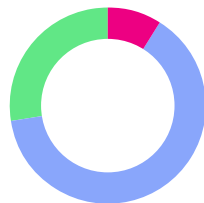
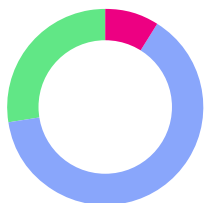
The board annually assesses the performance of its committees and the performance of individual directors. As part of this process, the board reviews director performance against the director skills matrix and evaluates the performance of each committee against charter requirements. The Chair conducts the performance reviews for each director. During the reporting period, we conducted the annual performance evaluation of each member of our executive team.

At least once every three years, the board’s review is undertaken by an independent consultant.

Board skills matrix

As a result of the annual performance review for the reporting period, our board has collectively determined that during the reporting period our directors had the necessary skills, experience and diversity required to manage our fund. The skills matrix demonstrates our board’s key competencies during the reporting period.


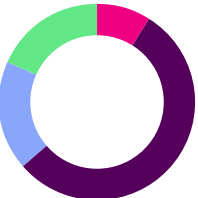

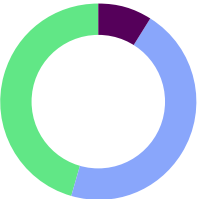
Annually, each director has the opportunity to develop a training plan that addresses development areas identified in the performance evaluation process.

Skill/experience	Description	Board composition in relation to skill
Member outcomes	The director has an ability to: <ul style="list-style-type: none">• understand the needs of members and how to enhance their experience and outcomes• foster a strong member-focused culture in a complex business.	
Leadership	The director has experience in: <ul style="list-style-type: none">• performing at a senior level in an organisation of significant size• overseeing the delivery of superior results and complex projects, and leading through periods of change.	
Financial acumen	The director has an understanding of: <ul style="list-style-type: none">• financial statements and reporting, including relevant accounting standards and taxation requirements• drivers of financial performance for the business• budgeting and forecasting processes• internal and external audit scopes and audit reporting• valuation methodology and drivers of value.	
Risk management	The director has an ability to: <ul style="list-style-type: none">• anticipate, evaluate and oversee risks that could impact the business across each key area of operations• set and oversee sound risk management framework• foster a strong risk culture• oversee compliance risks and regulatory relationships.	

● Novice ● Competent ● Highly competent ● Expert

Governance

(continued)

Skill/experience	Description	Board composition in relation to skill
Strategic and commercial acumen	<p>The director has an ability to:</p> <ul style="list-style-type: none">identify and critically assess strategic opportunities and threats to the businessdevelop and set strategic objectives that support achieving member outcomesoversee strategy execution using commercial judgementset and monitor annual business plans with a focus on key initiatives, financial soundness, risks and key performance indicators.	
Investment	<p>The director has knowledge of:</p> <ul style="list-style-type: none">processes for formulating investment beliefs, investment strategy and investment objectivesasset classes (including performance and risks associated with investing in particular asset classes)portfolio construction and asset allocationinvestment management practices, including responsible investingimplementation and risk management, including legal, tax, financial, fees, governance and investment structureseconomic factors and the impact on investment markets.	
Technology and digital	<p>The director has an understanding of:</p> <ul style="list-style-type: none">effective technology strategies in a complex businessdigital transformation and innovationinformation security and data governanceimplementation of infrastructure, network and cloud technologiesIT supplier performance management.	
Governance and regulation	<p>The director has an understanding of:</p> <ul style="list-style-type: none">the governance, regulatory and legal framework applicable to superannuation and financial advicekey obligations of the <i>Superannuation Industry (Supervision) Act 1993</i> (Cth), <i>Corporations Act 2001</i> (Cth), prudential standards and trust lawbest practice in corporate governanceresponsibilities, duties and regulatory standards applicable to a trustee directorthe legal and operational requirements of a successor fund transfer or merger.	

● Novice ● Competent ● Highly competent ● Expert

Skill/experience	Description	Board composition in relation to skill
Operational	<p>The director has an understanding of:</p> <ul style="list-style-type: none">the operational aspects of the business, including scheme administration, custody, advice and complaints resolution (IDR and EDR arrangements)outsource provider management.	
Products, services and experience	<p>The director has an understanding of:</p> <ul style="list-style-type: none">superannuation products and services, including advicelife insurance product design, benefits and pricingbrand and marketing strategiesdigital engagement.	
People and conduct	<p>The director has an understanding of:</p> <ul style="list-style-type: none">remuneration frameworks that attract and retain high calibre staffindustrial relations and various employment models, including individual contracts and collective agreementsorganisational design, effectiveness and developmentbuilding workforce capabilityconduct risk managementpromoting of a safe, diverse and inclusive workplace.	

● Novice ● Competent ● Highly competent ● Expert

Board remuneration

Our directors have the skills, experience and responsibilities required to govern our fund and are remunerated accordingly. An independent remuneration consultant conducts a benchmark review to determine the appropriate level of director remuneration.

For more information about the remuneration of our board and executive team, see:

 [aware.com.au/policies](https://www.aware.com.au/policies)

Stakeholder engagement

We build strong relationships with our stakeholders. Through active engagement, we align our services and products to different stakeholders’ needs and keep the conversation open about our plans for the future.

This table lists the stakeholders we engage with, how we do so and the key topics we cover.

Stakeholder	How we engage with them	Key topics
Members	We held our Annual Member Meeting virtually on 14 December 2022. More than 300 members attended.	Members had the opportunity to ask our directors and senior trustee managers questions about our fund and performance. Topics covered included: <ul style="list-style-type: none">• our sustainable investments• our investments and their performance• retirement of the VicSuper brand and its impacts• advice• product• service.
Community	<p>We provide tangible products and services our communities and members need by investing in infrastructure.</p> <p>Our education program is available to Aware Super members and non-members.</p> <p>We advocate for systemic change to improve gender equity.</p> <p>We help and reward those who are doing good in our communities through our scholarships.</p> <p>Our people actively volunteer and make employee donations to help our communities.</p> <p>Aware Super’s intern program is designed to provide valuable opportunities for individuals interested in gaining experience, including in the fields of technology and investments.</p>	<ul style="list-style-type: none">• Social equity• Volunteering• Employee giving• Financial education
Board	Ordinary methods of communication (in-person meetings, email).	<p>The Company Secretary reports to and is directly accountable to the board on all matters concerning board operations.</p> <p>The Company Secretary assists the board in fulfilling its obligations. The Secretariat function assists with board and committee meeting preparation and minute taking, as well as liaising with the board to ensure Fit and Proper (SPS520) requirements are met.</p>

Stakeholder	How we engage with them	Key topics
Executive	Ordinary methods of communication (in-person meetings, email).	Secretariat liaises with executive members regarding committee meetings relevant to their core function/areas of responsibility, and to ensure Fit and Proper (SPS520) requirements are met.
Regulators APRA ASIC ATO AUSTRAC OAIC AFCA ACSC	We hold regular meetings with our key regulators to discuss issues relevant to us and the industry. We also report regularly as needed throughout the year.	<ul style="list-style-type: none">• We report to and notify APRA of specific matters in respect of Aware Super’s responsible persons, in accordance with SPS520.• We provide data and written submissions on the fund and its members to regulators to meet mandatory reporting obligations that mandate periodic reporting and in response to specific events that arise from time-to-time (for example breach reporting, suspicious matters, notifiable data breach or cyber security breaches).• Over the course of the 2023/23 financial year we met with regulators on a regular basis and we also met regulators on specific matters, to share information and respond to regulator requests.
Industry associations ACSI AIST ASFA	<p>We work with ACSI, AIST and ASFA on key policy reforms and advocacy.</p> <p>We influence the advocacy positions and activity of our associations on key issues. These include the Quality of Advice Review and proposals on improving gender equity in superannuation outcomes and ESG issues.</p>	<ul style="list-style-type: none">• Superannuation and advice policy changes• Legislation and regulatory change• Government and regulator engagement
Federal Government	We take a non-partisan approach to engaging with Federal Government stakeholders at the political and departmental level, discussing issues anchored by our strategy and aligned to our external stakeholders’ interests.	<ul style="list-style-type: none">• Superannuation policy and regulatory changes• Financial advice• Gender equity• Housing affordability

Stakeholder engagement (continued)

Stakeholder	How we engage with them	Key topics
State governments	We take a non-partisan approach to engaging with state government stakeholders at the political and departmental level, discussing issues anchored by our Group Strategy and aligned to our external stakeholders' interests.	<ul style="list-style-type: none">• Gender equity• Investment opportunities• Housing affordability• Supporting our key worker members
Insurers	The Insurance team has a documented insurer engagement model that outlines the architecture of regular forums and reports, supporting effective relationship management and oversight.	<p>A fortnightly forum is held to review claims.</p> <p>Monthly forums are held to:</p> <ul style="list-style-type: none">• monitor service level agreement adherence• monitor internal and external disputes. <p>A quarterly forum is held to:</p> <ul style="list-style-type: none">• monitor and improve member outcomes• monitor digital services level obligations. <p>Other meetings are held as needed to monitor and improve efficiency between Aware Super and the insurer. Every year, our on-risk insurers complete a questionnaire and a group of senior stakeholders meet to review the insurer's response.</p> <p>Every year, our on-risk insurers complete an insurer questionnaire and a group of senior stakeholders meet to review the insurer's response.</p>
Employers	<ul style="list-style-type: none">• Individual employer meetings – in person and virtual• Employer webinars• Employer round table discussions – in person and virtual	<ul style="list-style-type: none">• Transformation program• Changes to insurance• Fund performance• Retirement readiness of employees• Financial wellbeing for employees• Superannuation legislation updates• Workforce insights• Gender equity• Housing affordability
Unions	<ul style="list-style-type: none">• Industry events• Consultation forum• Union roundtables	<ul style="list-style-type: none">• Gender pay retirement gap• Affordable housing investments for essential workers• The 'S' (social) in our ESG investment strategy

Managing risk, pursuing opportunities

Managing risks and pursuing opportunities ensures we can deliver on our strategy and create value for our members. The material risks and opportunities for the fund are detailed below, as is our response to each.

Strategic risks

Risks	Description of the risk	Our response
Transformation risk	<p>Risk of failing to plan and execute organisation-wide initiatives that enable us to deliver sustainably and effectively on strategic objectives. Key transformational initiatives are across:</p> <ul style="list-style-type: none">• competitive environment• changing member needs• regulatory oversight and scrutiny• technological changes• Aware Super employees.	<p>The approach to transformation across Aware Super is to ensure safe and sustainable roll out of all programs of work. All programs that fall under the Enterprise Delivery and Transformation Framework contemplate multiple facets to ensure a consistent and effective delivery, including governance activities, budgeting, people, risk management, time and resources. Through our largest transformation program, we are continuing to develop and implement new administration operations and technology to create the next generation of service excellence, taking greater ownership of how we serve our members.</p>
Regulatory risk	<p>Risk of adverse impacts from failing to respond effectively or implement regulatory change or failing to comply with regulation.</p>	<p>The superannuation industry continues to face challenges. These include managing an evolving regulatory change landscape, responding to new and emerging risks, such as artificial intelligence, as well as economic measures.</p> <p>We actively monitor and track our regulatory environment, both domestically and overseas. We stay abreast of key developments and assess their strategic and operational impact on the business so we can effectively plan and prepare for regulatory change. Our governance over regulatory change activities is well established, with clearly documented frameworks, policies and standardised processes in place.</p> <p>In addition, we continuously monitor compliance with regulations in line with our compliance management framework.</p>

Managing risk, pursuing opportunities (continued)

Risks	Description of the risk	Our response
Advice business model risk	The risk of failing to transform the advice business to one that is sustainable, scalable, has stronger economic performance and valuable to members.	<p>We have taken significant action to transform advice to meet the needs of members and clients, and improve the underlying financial performance to build a sustainable business. We have now moved existing clients from service agreements where fees were pre-paid to new lower-risk advice offers, which provides people with more flexibility and choice in how they access advice. Fees are only charged at the time advice is provided. This transition has resulted in a reduced demand for comprehensive advice and we have aligned the size of the advice business to reflect this change.</p> <p>We have also significantly strengthened the Risk Management Framework and controls environment.</p>

ESG strategic risks

Risks	Description of the risk	Our response
Investments	<p>The risk of failing to consider ESG factors when setting investment strategy and strategic objectives.</p> <p>By managing this risk we have the opportunity to exceed our members’ expectations and help future proof our investment portfolio through decarbonisation measures.</p>	<p>By integrating ESG issues in our portfolios, we behave as a responsible owner, not just an investor.</p> <p>As an owner, it’s our responsibility to ensure fund managers, boards and company executives act in a manner to provide strong long-term returns and good outcomes for our members. We consider ESG issues at many stages – from selecting investments and conducting due diligence, to ownership activities like voting, company engagement and advocacy, and excluding certain industries.</p> <p>For more about our approach to responsible ownership, see:</p> <p>aware.com.au/responsibleinvestmentreport2023</p>

Risks	Description of the risk	Our response
Corporate	The risk of failing to adequately consider ESG requirements in our corporate governance practices and operations.	<p>By integrating ESG issues into our corporate practices we manage our operations responsibly while upholding our member, employer and stakeholder expectations.</p> <p>Some actions we’ve taken include:</p> <ul style="list-style-type: none"> conducting our annual assessment of our supply chain, operations and investments to identify and mitigate our exposure to modern slavery risk. For more on our approach to modern slavery, see: aware.com.au/modernslaverystatement completing the implementation of our Reflect Reconciliation Action Plan and launching the next level – our Innovate Reconciliation Action Plan. For more on how Aware Super is moving towards equity through reconciliation, see: aware.com.au/corporatesustainability obtaining our Climate Active carbon neutral certification for our business.
Climate change	Climate change represents a significant long-term risk to the fund’s investment portfolio and its operations.	<p>Aware Super launched a Climate Change Portfolio Transition Plan (Transition Plan) in 2020 to address the large systemic and structural changes that limit climate change and its impact. We refreshed the Transition Plan in 2023. The Transition Plan is a framework of recommendations and targets focused on short-, medium- and long-term initiatives to achieve net zero emissions by 2050, with the aim to reduce the risk of climate change on the investment portfolio.</p> <p>At an industry level, we’ll continue to advocate for policies to support investing in the transition to a low-carbon economy.</p> <p>As a corporate, we achieved the Climate Active carbon neutral recertification for our business operations at the end of 2022. During the 2022/23 financial year, we reduced our emissions by 6%, by completing the process of procuring renewable electricity for most of our offices.</p> <p>Our claim to carbon neutrality and our Scope 1, 2 and 3 emissions received third-party limited assurance from RSM for the reporting period.</p>

Managing risk, pursuing opportunities (continued)

Operational risks

Risks	Description of the risk	Our response
Talent attraction and retention	To attract, develop, retain and support our people in a competitive market, with the right capabilities and expertise to transform our organisation and deliver on our strategy.	<p>To attract and retain the best talent, we continue to support our people by offering a great employee experience, building capabilities for the future, fostering a great culture and growing top leaders. Our people have told us they feel supported to invest in their development and careers, with the overall growth and development score in our annual engagement survey increasing to 68% (up from 63% in May 2022 and 57% in May 2021).</p> <p>During the 2022/23 financial year, we consulted with our people to define the culture we need to deliver on our strategy. We want to preserve the best aspects of our current culture and continually evolve towards our aspirational culture.</p>
Data, privacy and identity protection	Inadequate and ineffective IT infrastructure, data management, privacy and information security capabilities that are not aligned to business strategy, not fit for purpose or not managed to expectations.	We are vigilant in managing members' personal information and ensure appropriate security controls are applied when accessing our systems and digital platforms. We follow a secure methodology when designing and implementing technology solutions to ensure appropriate controls are applied based on the sensitivity of the data to be protected. Our operational processes are governed by enterprise frameworks that cover privacy management, risk management, information security and data governance, and which are aligned with Australian Privacy Principles, information security frameworks, regulatory standards and good industry practices.

Risks	Description of the risk	Our response
Challenging economic conditions and increased cost of living (inflation)	Economic conditions and investment markets remain challenging. The flow-on impacts from the war in Ukraine continue to be felt globally, with central banks increasing interest rates to dampen high inflation, resulting in significant cost of living pressures. In order to keep up with inflation, higher returns are required from our diversified investment options to meet their CPI+ investment objectives.	<p>Following a long period of relatively low and stable inflation prior to the pandemic, we know our members and the Australian economy have been impacted by rising inflation and cost of living pressures. This is squeezing household disposable incomes and posing downside risks to growth. Interest rates have risen rapidly, but we are beginning to see encouraging signs that inflation is coming down. However, there is a risk of ongoing high and unstable inflation.</p> <p>We strive to deliver strong performance outcomes for our members, ensuring the return objectives of each investment option are met over the recommended timeframe in a risk-controlled way. All diversified investment options, except the Defensive option, have beaten their CPI objectives over the long term and the strong rebound in performance in the 2022/23 financial year improved shorter-term benchmark outperformance. We continue to hold a well-diversified portfolio and believe that this is the main way to protect returns from poor economic environments.</p> <p>Most investment options ended the year with positive investment returns. As at 30 June 2023, the Future Saver High Growth option, where Lifecycle members under 56 are invested, returned 10.7% for the year and 7.6% p.a. over five years. Our retirees, who are predominantly invested in the lower-risk Conservative Balanced option, achieved returns of 7.6% over one year and 5.5% p.a. over five years.¹</p>

1. Aware Super, 30 June 2023 returns. Past performance is not a reliable indicator of future performance.

Managing risk, pursuing opportunities (continued)

Opportunities


Risks	Description of the risk	Our response
Member outcomes	Deliver enhanced member outcomes consistent with our purpose, vision and values, ably supported by our people, processes and systems.	<p>We've worked to improve the experience and financial outcomes for members by:</p> <ul style="list-style-type: none"> simplifying operational efficiency to improve the member experience – the majority of these initiatives are expected to be implemented by March 2024 lowering fees for most members in MySuper Lifecycle and Choice investment options in September 2022 expanding our investment options to include indexed and socially conscious options, and more availability of term deposits offering members more choice and control over their insurance, a simpler digital and service experience and greater value through improved terms and conditions and new services.
Strong investment returns	Deliver strong financial outcomes for members, while managing investment risks, such as market volatility and inflation.	<p>We're focused on meeting the performance objectives of each investment option over the recommended timeframe, in a risk-controlled manner. This includes diversifying across a wide range of investments and asset classes, including unlisted asset classes.</p> <p>The 2022/23 financial year was challenging, with equity markets sold off in the first quarter and then recovering to end the year positively. Our unlisted asset classes performed well and many of our unlisted property and infrastructure investments provided some protection against rising inflation, as their income streams were positively correlated to CPI. We continue to look through the market noise and invest in high-quality investments.</p> <p>Most investment options ended the year with positive investment returns. As at 30 June 2023, the accumulation High Growth option, where Future Saver Lifecycle members under 56 are invested, returned 10.7% for the year and 7.6% p.a. over five years.</p> <p>Our retirees, who are predominantly invested in the lower-risk Retirement Income Conservative Balanced option, achieved returns of 7.6% over one year and 5.5% p.a. over five years.²</p>

2. Aware Super, 30 June 2023 returns. Past performance is not a reliable indicator of future performance.


Risks	Description of the risk	Our response
Responsible ownership	The impact of ESG issues on our ability to achieve investment and strategic objectives. The opportunity is to exceed our members' expectations and help future-proof our investment portfolio through decarbonisation measures.	<p>Our approach to responsible investing and ESG risks and opportunities is on our website and supported by our overarching policy. In 2020, we committed to achieving net zero by 2050 in our investment portfolio. Some of our successes relating to climate change include committing over A\$2 billion in renewables, climate solution investments and green bonds, as well as achieving an emissions intensity reduction of 51% across our listed equities portfolio. For more, see:</p> <p>aware.com.au/esg</p> <p>We produced our second modern slavery statement as well as our inaugural responsible investment report in 2022, building on our 2021 stewardship report and destination net zero report. To review the reports, see:</p> <p>aware.com.au/reports</p>
Affordable and accessible advice	As Australia's population ages, inflation and interest rates rise and economic conditions remain uncertain, the demand for personalised help from members is high, especially those approaching or enjoying their retirement. At the same time, many members are finding it challenging to access the affordable help they need.	<p>We continue to expand affordable ways to access advice, including digital advice and superannuation advice delivered through digital channels.</p> <p>We are well positioned to implement outcomes from the Quality of Advice Review commissioned by the Federal Government. The recommendations aim to ensure Australians have access to reliable and affordable financial advice.</p> <p>We continue to listen to member needs and adapt our help solutions to better meet their needs. We have also developed a new digital advice tool, My Retirement Planner, that helps members establish retirement income goals, track and achieve them.</p>
Consolidation and competition	Industry consolidation continues, albeit at a slower pace than recent years. As larger funds use their scale to reduce costs, smaller funds will continue to seek destination funds for their members.	Aware Super has remained active in the mergers and acquisition market. Our team has responded to tenders and continues to assess the market for strategic prospects, large and small.

Recognition and awards


Chant West³




Workplace Gender Equality Agency⁴




Financial Review BOSS⁵




Canstar⁶




Money magazine^{7,8,9,10,11}




Rainmaker



SuperRatings¹²



Chant West¹³



3. Zenith CW Pty Ltd ABN 20 639 121 403 AFSL 226872/AFS Rep No. 1280401 Chant West Awards issued 17 May 2023 are solely statements of opinion and not a recommendation in relation to making any investment decisions. Awards are current for 12 months and subject to change at any time. Awards for previous years are for historical purposes only. Full details on Chant West Awards at chantwest.com.au/fund-awards/about-the-awards/.

4. WGEA's EOCE citation verifies to employees – and potential employees – that an organisation is taking meaningful action to improve the working lives of women and men throughout the business.

5. For more information go to lists.afr.com/bestplacetowork/.

6. Canstar Outstanding Value Award – Superannuation – awarded in two consecutive years to Aware Superannuation Fund in March 2023 and March 2022.

7. Money magazine's Best Super Fund 2023 recognises Aware Super as one of Australia's best performing super funds, providing strong long-term returns across various investment options leading to better retirement outcomes for members.

8. Money magazine's Best Super Lifecycle Product 2023 recognises Aware Super's MySuper Lifecycle design as a leader in improving members' retirement balances, by guiding them through an investment path over their lifetime, boosting their growth potential for as long as possible and gradually de-risking in the lead up to retirement, helping to safeguard members' savings and provide the best possible retirement outcome.

9. Money magazine's Best Value Super Fund for Young People 2023 recognises Aware Super's innovative MySuper Lifecycle design, providing younger members the opportunity to invest in the High Growth investment option for a longer period of time, taking on more investment risk with the potential for higher returns, has the ability to provide a much larger balance for members at retirement.

10. Money magazine's Best Growth Super Product 2023 recognises Aware Super's High Growth investment option. Investing in a range of Australian and overseas investments, the High Growth option is suited to members who can tolerate risk and have an investment timeframe over 10 years or more.

11. Money magazine's Best Moderate Pension Product 2023 recognises Aware Super's Conservative Balanced Socially Conscious option. Delivering strong long-term performance whilst screening out companies operating in sectors recognised for having a highly adverse environmental or social impact. Check the PDS for details of the screening criteria and any revenue thresholds, where applicable.

12. The rating(s) is issued by SuperRatings Pty Ltd ABN 95 100 192 283 AFSL 311880 (SuperRatings). Ratings are general advice only and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and SuperRatings assumes no obligation to update. SuperRatings uses objective criteria and receives a fee for publishing awards. Visit superratings.com.au for ratings information and to access the full report. © 2023 SuperRatings. All rights reserved.

13. The Zenith CW Pty Ltd ABN 20 639 121 403 AFSL 226872/AFS Rep No. 1280401 Chant West rating (assigned January 2023) is limited to General Advice only and has been prepared without considering your objectives or financial situation, including target markets where applicable. The rating is not a recommendation to purchase, sell or hold any product and is subject to change at any time without notice. You should seek independent advice and consider the PDS or offer document before making any investment decisions. Ratings have been assigned based on third-party data. Liability is not accepted, whether direct or indirect, from use of the rating. Past performance is not an indication of future performance. Refer to chantwest.com.au for full ratings information and Chant West's Financial Services Guide: www.chantwest.com.au/financial-services-guide.



We'd love your feedback on our report

Let us know your thoughts on our annual report by emailing us:

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